

Weekly Contributions
Latin America Division, ORE, CIA
13 October 1949

CURRENT DEVELOPMENTS

CENTRAL BRANCH: Both of Brazil's prospective presidential candidates are reported to be friendly to the US (p. 2). In Brazil pressures for devaluation can be expected from textile manufacturers (p. 2). Colombia's Conservative party has selected an anti-US candidate for president (p. 2). The death of Ecuador's vice president is not likely to pose any serious problems for the government (p. 3).

SOUTHERN BRANCH: Argentina's new minister of the army is reported to favor the US (p. 3). Chile's prospects for stability will be improved by the recent Eximbank credit extended to that country (p. 3). Peru's military junta, which is now making election arrangements, evidently considers itself strong enough to control the outcome (p. 3).

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1. BRAZIL: War Minister Likely to be Government Candidate for President
After some months of negotiations, the major pro-government parties (the PSD, the UDN, and the PR) still have not agreed on a presidential candidate, and the basic conflicts of party interests continue to be a serious obstacle in spite of the need to present a united front against the potent candidacy of Governor Adhemar de Barros of São Paulo.

Under the circumstances, it appears that only if the government parties can agree on some "non-political" military figure will they have a good chance of uniting and thus retaining the numerical advantage which their combined voting strength represents. At the present time the most likely choice for a coalition candidate is War Minister General Canrobert, who, although lacking in popular appeal, has in his favor the support of a majority of the nation's high military leaders. Both Canrobert and Adhemar de Barros are friendly to the US.

2. Brazil's official resistance to devaluation was further evidenced on 12 October by its resumption of quotations on the pound sterling and other devalued currencies at rates 30% lower than those existing prior to 13 September. Continued pressure for devaluation or alteration of the par value of the cruzeiro by the textile industrialists can be expected, however, as their products, sold primarily to soft-currency countries, will not be able to compete favorably in price with the textiles of certain of those countries. Should Brazil find it necessary to revalue its currency at a later date, it would probably establish a system of multiple exchange rates rather than an outright devaluation.

3. COLOMBIA: Anti-US Presidential Candidate Selected by Conservatives
Laureano Gomez, chief of the Conservative Party since the early '30's, has been selected by that party as its candidate for the presidential election to be held 27 November 1949. Gomez has been openly hostile to the US since 1921 -- the year of the acrimonious debates on the US-Colombia treaty on Panama. During World War II he ceased denunciations of the US only when it became clear that the Axis was losing the War. He has been consistently pro-Nazi and pro-Franco.

Should Gomez be elected, internal political tension would be aggravated since Gomez, a Conservative extremist, is violently disliked by many Colombians. US ability to count on Colombia's cooperation in international matters would be weakened; opposition to US principles of international trade would be greater; and chances of eliminating present obstacles to the expansion of the petroleum industry would be diminished.

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4. ECUADOR: The death of Vice President Mamel Sotomayor y Luna (16 October), occurring while congress was in session, has saved the government from an embarrassing situation. Had Sotomayor died after congress adjourned, the anti-Plaza President of the Chamber of Deputies, Augusto Alvarado Olea, would have succeeded to the vice presidency. Under the present circumstances, congress will select a successor. At the time of Sotomayor's heart attack (26 July), the government did not have the support of congress (see D/LA Wkly., 9 August '49) and his possible death was then considered a grave threat to the administration's stability. Events subsequent to the earthquake have greatly improved the president's position vis-a-vis congress, and D/LA estimates that the selection of a successor is not likely to pose any serious problems for the government.

5. ARGENTINA: Brigadier General Franklin Lucero, strongly pro-Peron Sub-Secretary of the Army, has been appointed Minister of the Army, a position temporarily held until this time by Defense Minister Sosa Molina. Lucero's close ties with Peron and Sosa Molina, his long association with other top-level Army and political leaders, and his reported admiration for the United States, probably will result in this appointment's proving favorable both to the stability of the Peron government and to US-Argentine relations.

6. CHILE: The 25 million dollar Eximbank credit extended to Chile comes at a very opportune time for the Chilean government. The loan will assist in financing 1949 purchases from the US of materials necessary for the continuation of Chile's economic development program. Continuation of the program may be expected to result in a stepping up of employment, which in turn should reduce popular discontent over the gradually deteriorating economic situation. Therefore, it is likely that, by assuring certain benefits to the Chilean economy, the loan may provide a slight improvement to the general stability of the González government.

7. PERU: Possible Election
Recent reports indicate that General Odría, head of Peru's governing military junta, is endeavoring to arrange matters so that an election may be held within the next six months, possibly in March 1950. Not only did Odría issue a decree providing for the re-registration of all voters (a convenient means of purging the rolls of Apristas and others), but he is also reported to have reached an agreement with ex-President Prado by which Odría or his designate would be named president until the expiration of the present constitutional term in 1951 when Prado would be free to seek the office for himself. Whether or not this agreement actually exists, it is probable that the election, when held, will be only for members of a

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constitutional assembly which will amend the constitution, designate a president for the country, and then resolve itself into a congress. This procedure, conforming to Peruvian practice in similar previous situations, would avoid the embarrassment of electing another president for Bustamante's unexpired term under the terms of the same constitution that sanctioned Bustamante's popular election.

While the holding of any election may be considered a gesture towards fulfilling certain democratic and constitutional requirements, the democratic effects of this election in Peru cannot be expected to be very great. The largest political group, APFA, will be disenfranchised, and strict controls will probably be used to insure the election of an assembly agreeable to the objectives of the present military junta. The principal significance of the elections would be to demonstrate that the regime is strong enough to risk an election and to control its outcome.